

Control and accountability: the document supply chain transformed



“Xerox has transformed our document supply chain processes. Our costs are lower, we’re avoiding waste, we’re producing better materials and delivering them more quickly. Together we’ve built a platform for continual improvement that will pay dividends over the life of the contract.”

David Smith
DWP Commercial Director
Department for Work and Pensions

Background

The UK’s Department for Work and Pensions (DWP) is responsible for helping the unemployed to find work and for administering state allowances to people who are out of work, unable to work or retired. Every day the department makes three million payments, processes 20,000 new welfare claims and manages 200,000 customer contacts.

Critical to its ability to manage this volume of interactions is the accurate and timely dissemination of information to citizens. The department does this via a network of 1,000 DWP offices, Citizens Advice Bureaus, doctors’ surgeries, libraries and local government offices.

The Challenge

A National Audit Office report identified a number of inefficiencies in DWP’s document supply chain. It was fragmented, with limited collaboration between suppliers and duplication of work in the department. There was no central control and virtually no visibility of stock or spend. The department was managing a catalogue of more than 20,000 core business document and stationery items.

Version control — critical to ensuring that citizens have the latest information and are following the latest processes — was fraught with difficulties. Because staff had to wait up to 20 days to receive documents they’d ordered, they tended to over-order and create their own ‘squirrel stores’, resulting in waste or, worse, the use of incorrect versions of documents.

Proliferation of suppliers and document types, lack of visibility, and slow processes prone to error and waste all led to unnecessarily high costs and uneven quality of service to citizens. So the department set out to revamp its document supply chain to root out inefficiencies and improve the quality, predictability and continuity of service. It was also vital for any improvements to meet the department’s security, ethical and sustainability standards.

The Solution

DWP contracted Xerox to manage its document supply-chain transformation. To do so we’re working with a number of partners, including CEVA Logistics, Remploy (a provider of employment services to people with disabilities) and a range of commodity suppliers.

In the first three years we took on a number of DWP ‘service towers’ in phases:

- Core business print products: eg, forms, leaflets, guides
- Marketing and publicity products
- Mass mailing campaigns and fulfilment of enquiries for further information
- Secure print: eg, cheques, fit-for-work forms, giros
- Bulk copying/reprographics
- Configurable print: eg, business cards, adaptable templates for publicity material
- Printer consumables and office stationery

End-to-end document supply chain improvements.

21% cost reduction in first three years.

- Sustainable print service for office printing, copying and faxing
- Inbound mail scanning and storage
- Creative and editorial services: product design, translation, creation of different formats such as audio and Braille

For each service tower, Xerox is responsible for managing and improving the relevant supply chain and service delivery process. First we take on DWP's existing processes, systems and suppliers. Then we start collecting and providing management information in order to identify areas for improvement, set targets and measure the success of projects.

Usually there are immediate opportunities to create savings and improve service quality by rationalising suppliers or products. Further improvements follow as we redesign processes to use best practices. We also explore digitisation, automation and communication technologies to streamline workflows and improve visibility and control.

The Results

DWP is now managing one contract with Xerox instead of 150 separate contracts. In just three years the department has already seen dramatic results in all service areas, including an overall reduction in costs of 21% while meeting unprecedented peaks in demand for DWP products during the recent recession.

Once rationalisation of DWP's office printing is complete we'll have replaced 50,000 legacy devices with fewer than 8,000 Energy Star multi-function devices. Early tests suggest an accompanying reduction in energy use of 50%.

We've eliminated duplicate or redundant items and those not fit for purpose from DWP's catalogue of print documents and stationery items. It's gone from more than 20,000 items to around 6,000, cutting costs and making ordering less time-consuming.

A number of projects have improved version control as well as productivity, and together delivered significant cost and environmental benefits, including a 12% cut in required warehouse space and a reduction in waste of 66% in just one year. These include:

- Migrating hundreds of infrequently ordered print products to a print-on-demand ordering process that eliminates stockholding
- Ensuring the predictability and security of order fulfilment with 97% of all ordered products delivered within five working days, thereby eliminating the need for staff to stockpile in 'squirrel stores'
- Overhauling DWP's twice-yearly review of core printed products to relieve overworked DWP reviewers of a lot of administrative work, shorten the process from an average of five months to three, and provide full visibility to enable us to manage down stocks in the warehouse when new document versions are due

The Future

Transformation of DWP's document-related services is a continuing process, with multiple projects happening in parallel across the service towers. As each target is achieved, we set new targets and new projects aimed at delivering year-on-year improvements.

The acquisition of ACS by Xerox has provided new IT outsourcing expertise which we'll be drawing on to improve infrastructure management for the department. And we're exploring several new service extensions to further cut operational costs and free up capital for DWP, using our growing experience of the department to deliver more value.

Case Study Snapshot

The Challenge

- Cut costs in the document supply chain
- Improve document delivery to DWP staff and other customers
- Improve quality of information delivered to citizens
- Reduce waste in document production and delivery

The Solution

- Replacement of 150 supplier contracts with a single contract managed by Xerox
- Phased outsource of document-related processes
- Metrics-based service improvement projects
- A continually improving service, measured against advancing targets, with value delivered at every stage

The Results

- 21% reduction in costs in first three years
- 50,000 office devices rationalised to 8,000 and device energy use cut in half
- Warehouse space cut by 12% from 90,500 to 80,000 square feet
- Wasted print reduced by 66%
- Average document review cycle shortened by 40% from five months to three
- Order fulfilment cycle reduced from 20 to 5 days

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